

Perceptions of Cost of Monthly Service

• As Factor Affecting Perceived Affordability

<u>Non-Customers</u>			
	Perceived Affordability —		
	<u>Very easy</u>	<u>Semi easy</u>	<u>Difficult</u>
	%	%	%
<i>Think monthly bill would be (a) —</i>			
Less than \$10	11	2	3
\$10 – 19	21	12	12
\$20 – 29	22	20	9
\$30 – 49	17	30	24
\$50 or more	15	25	40
Mean \$	32	41	56
Don't know, no idea	14	12	11
<i>Mean \$ other costs —</i>			
Phone itself (\$)	43	30	39
Start service (\$)	49	64	61
Deposit required (%)	<u>54</u>	<u>60</u>	<u>70</u>
Deposit (\$)	59	78	78
Base	(178)	(186)	(142)

(a) "After the phone line is turned on, thinking about how you would use the phone"

Source: Q.52, 53, 54, 56(NC)

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Perceptions of Cost of Monthly Service

Table 5.8

- As Factor Affecting Perceived Affordability

Highlights

Perceptions of the monthly cost also affect perceived affordability:

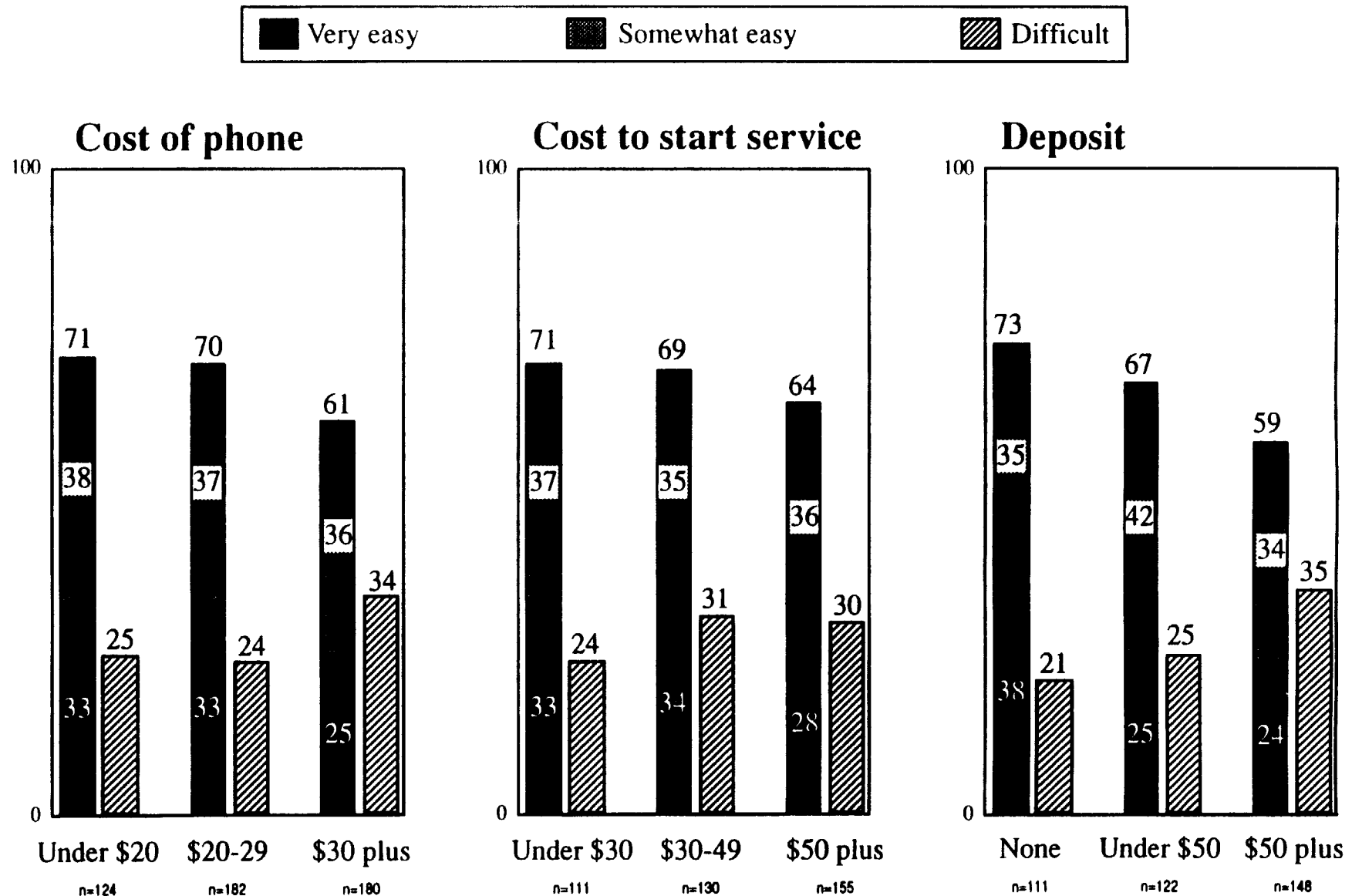
Those who say telephone service would be "very easy" to afford expect their monthly telephone bill to be lower on average than those who say telephone service would be "difficult" to afford. As noted earlier, they also think the cost of installation and deposit would be lower than those who think it is difficult to afford.

What is not known is the causal relationship, i.e. does the "very easy" group feel telephone service is affordable because they anticipate lower costs or do people who anticipate lower costs therefore think it is more affordable?

To answer this question, we examine affordability by perceived cost of monthly telephone service. (See following pages.)

Perceived Affordability of Telephone Service

• by Perceived Costs — Phone, Installation, Deposit



Perceived Affordability of Telephone Service by Perceived Costs

Table 5.9

Tables 5.9A (opposite) and 5.9B (on the following page) show the perceived affordability of telephone service by the amount the respondent expects to have to pay for (a) the phone itself, (b) to start service, (c) the deposit and (d) the monthly bill.

NOTE: Monthly bill is shown on the following page
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Highlights

First, there is a general tendency for respondents to say that whatever amount they expect to pay would be at least somewhat easy for them to afford. Thus, to some degree at least, "affordability" is in the mind of the individual.

Still, there are sizeable segments who would find it "difficult" to afford what they think they would have to pay.

For the cost of the telephone, there is an increase in percentages thinking it would be difficult at \$30 and over.

For the cost to start service, the increase in percentages thinking it would be difficult are not significant even at \$50 plus.

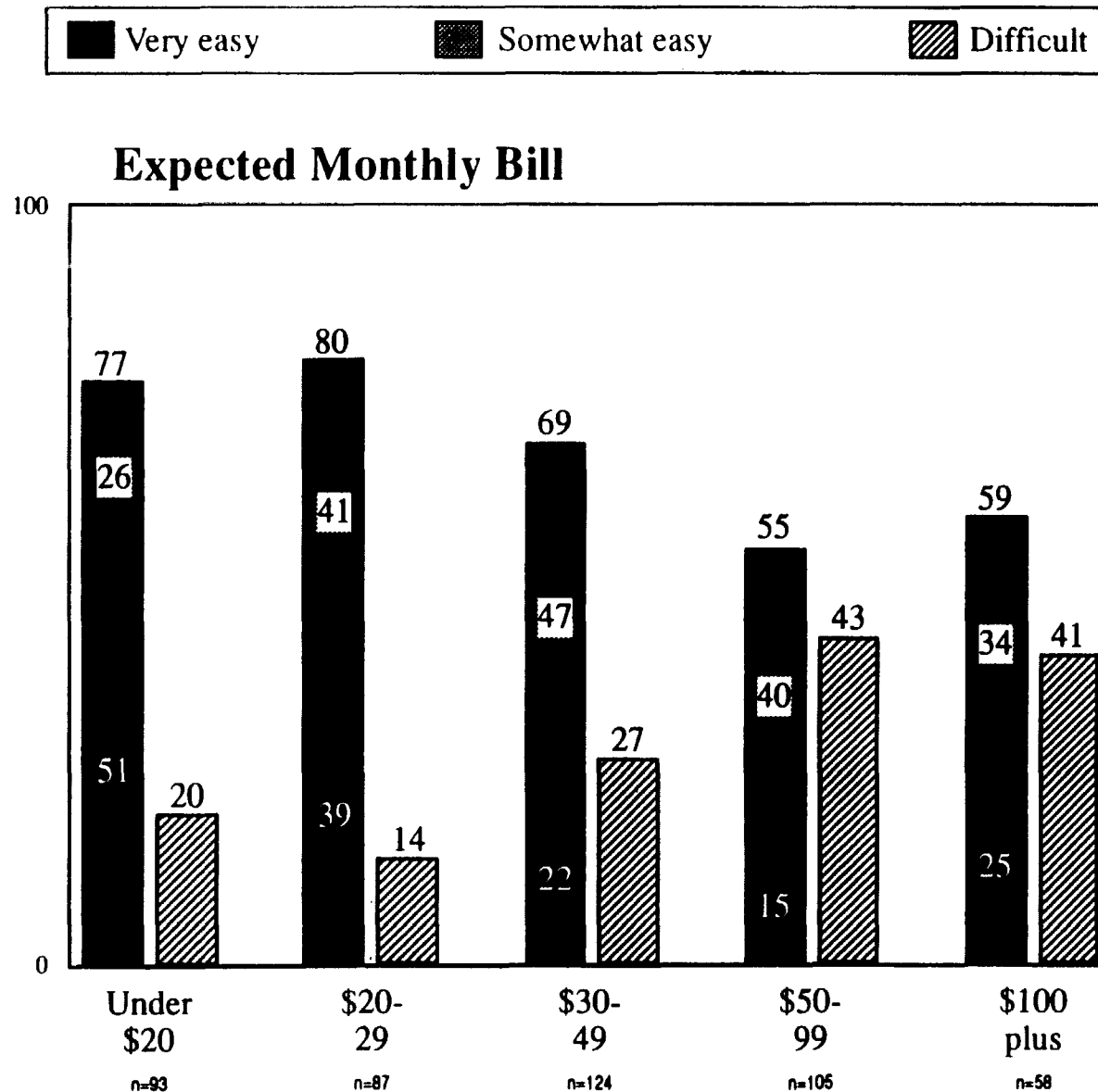
For the deposit, an increase occurs at \$50 and over.

For the monthly bill, a substantial increase occurs at \$50 to \$99 but no further increase at \$100 and over.

NOTE: The main finding here is that people tend to think they could afford what they would expect to pay to a large extent regardless of what they expect to pay.

Perceived Affordability of Telephone Service

• by Expected Monthly Bill



Source: Table 260

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Past Experience with Phone Service

• As Factor Affecting Perceived Affordability

	<u>Non-Customers</u>		
	<u>Perceived Affordability —</u>		
	<u>Very easy</u>	<u>Semi easy</u>	<u>Difficult</u>
	%	%	%
Have had phone service (a)	73	69	62
<i>Among those who have had —</i>			
Mean \$ (Avg. monthly bill)	141	150	115
Special reduced rate	49	45	32
Not special reduced rate	36	47	56
Phone company disconnected	41	52	48
Base	(127)	(133)	(86)
Never had service (a)	27	31	38
<i>Among this group —</i>			
Have tried to get	31	21	19
Have not	69	79	81
Base	(51)	(53)	(56)

(a) As an adult, mostly within past 3 years.

Source: Q.22, 26, 27, 28, 35(NC)

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Perceived Affordability of Phone Service: Matched Customers

Table 5.14

Matched customers who say they find telephone service less than "very easy" to afford were asked a series of questions to determine the size of the group, within current customers, who could be considered to be on the borderline of being able to continue to afford telephone service.

The table opposite shows responses to this series of questions.

Highlights

As noted previously, while most matched customers find it easy to afford telephone service, a minority find it difficult to do so: 17% of the total (as compared to 25% of non-customers who think it would be difficult to afford).

In all, 39% of the matched customers say they find it less than very easy to afford telephone service. When this group is asked if they have ever had any financial difficulty paying their telephone bill, about half of them say they have. This translates to 19% of all matched customers who say they have had financial difficulty paying their bill, comparable to the 17% who say they find it "difficult" to afford telephone service.

About half of the 19% have such difficulty at least somewhat often.

Thus, among the matched customers, there is about one in ten (10%) or so who "often" have difficulty paying the bill and another one in ten (10%) who has such difficulties on occasion, but not often.

The percentage having difficulty is highest among LD Hispanics (26%) and lowest among NLD Hispanics (12%). It is 20% for White and 17% for Black matched customers.

Chapter 6.0 Reasons Given for Not Having Telephone Service

Examines:

Reasons volunteered for not having telephone service (open-end)

Evaluation of 17 specific, possible reasons for not having telephone service, i.e. is this a reason or not and, if so, is it a big part of the reason or only a small part

Focusses only on respondents' stated reasons for not having telephone service

Reason(s) Do Not Have Phone Service (Volunteered)

	Non-customers			Hispanic				
	Total	GTE	PB	Tot	LD	NLD	Black	White
	%	%	%	%	%	%	%	%
<i>Reason(s) volunteered —</i>								
Economic (net)	<u>60</u>	<u>68</u>	<u>60</u>	<u>57</u>	<u>57</u>	<u>59</u>	<u>79</u>	<u>50</u>
Affordability (net)	<u>39</u>	<u>42</u>	<u>38</u>	<u>40</u>	<u>43</u>	<u>36</u>	<u>40</u>	<u>32</u>
Can't afford it, not enough money	28	30	28	28	27	31	31	23
Costs too much	6	9	5	6	6	5	8	4
No job, not working	8	6	8	10	11	8	5	5
Deposit: too high, can't afford	3	*	4	4	6	-	4	2
Owe phone company money	27	32	27	23	22	26	42	24
Other reasons (net)	<u>35</u>	<u>29</u>	<u>35</u>	<u>38</u>	<u>36</u>	<u>39</u>	<u>14</u>	<u>46</u>
Mobility (net)	<u>16</u>	<u>13</u>	<u>17</u>	<u>20</u>	<u>21</u>	<u>19</u>	<u>5</u>	<u>17</u>
About to move	7	2	8	11	10	13	*	4
Just moved in	10	11	10	11	12	10	5	13
Don't want/need phone	12	9	12	10	6	17	5	22
Education (net)	<u>5</u>	<u>3</u>	<u>6</u>	<u>8</u>	<u>13</u>	<u>1</u>	<u>4</u>	<u>=</u>
Don't know how to apply	2	1	2	3	4	*	-	-
Don't have SS#, ID, papers	4	2	4	6	9	*	4	-
No particular reason given	5	4	5	5	7	2	7	3
Base	(571)	(288)	(283)	(347)	(205)	(142)	(115)	(94)

* less than 0.5%

Source: Q.1(NC)

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Reason(s) Do Not Have Phone Service (Volunteered)

Table 6.1

Near the beginning of the interview, non-customers were asked to describe why they do not have telephone service.

Responses were read and coded into categories to permit quantification of the response. Responses are shown opposite.

Highlights

Economic factors are cited by three in five (60%) of the non-customers as the reason they do not have telephone service. This leaves about one-third who cite other reasons: mobility (16%), no need or desire for phone (12%), absence of information (5%) and miscellaneous others.

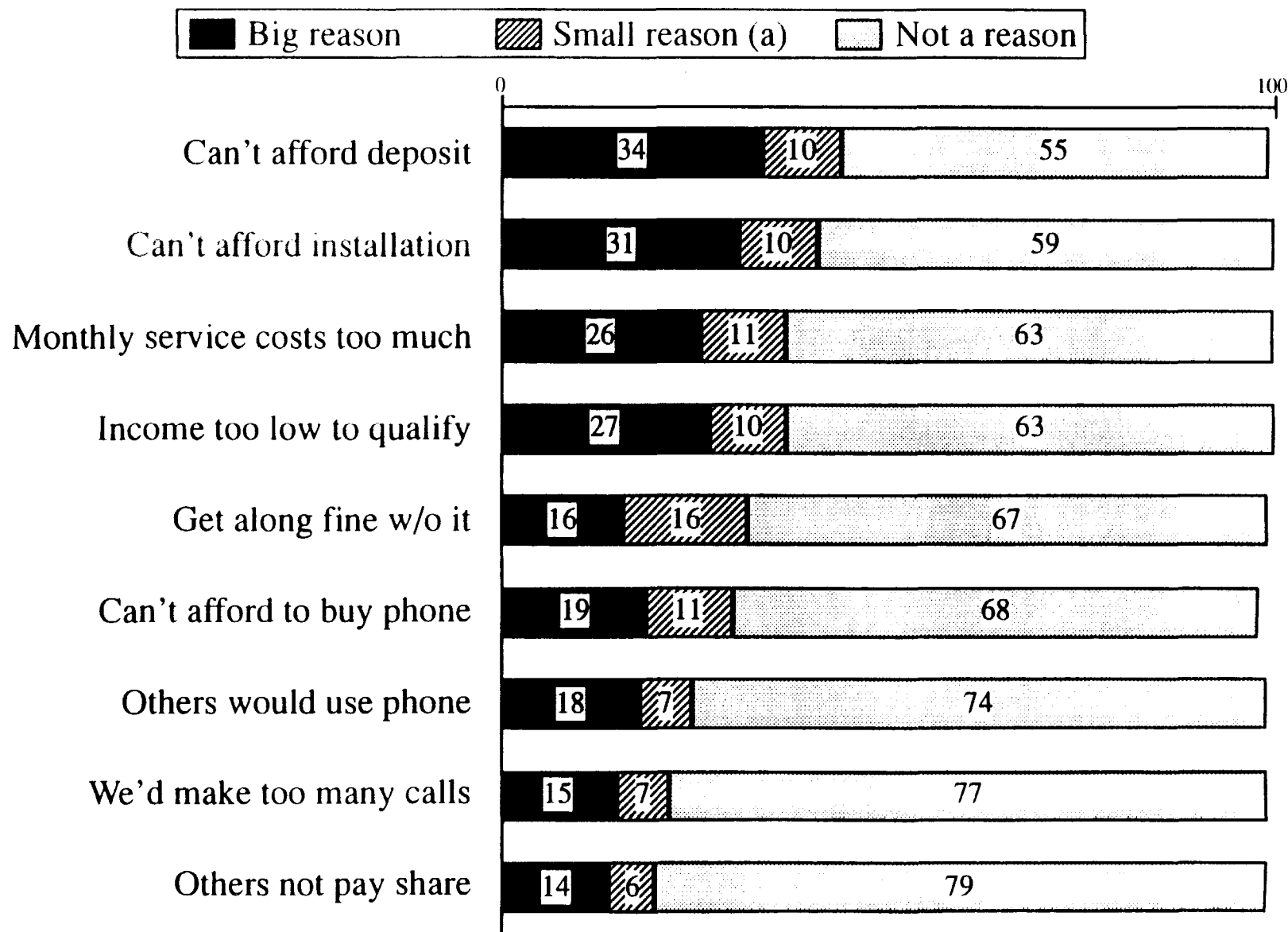
The 60% who cite economic factors divides into two groups: 39% talk about not being able to afford it for various reasons, e.g. cannot afford it, not enough money, costs too much, no job. Another 27% say they owe the phone company money.

By company: Volunteered reasons for not having phone service are about the same for each company's non-customers.

By ethnicity/race: Black non-customers are much more likely than others to cite an outstanding balance as the reason for not having telephone service: 42% vs. 22% - 26% among the other groups. Affordability ranks high among all groups as a stated reason for not having telephone service. Mobility is mentioned by roughly one in five except among Blacks (5%). Lack of need is more often mentioned by Whites (22%) and NLD Hispanics (17%) than Blacks (5%) or LD Hispanics (6%). While absence of knowledge is not often mentioned, it is most often mentioned by LD Hispanics (13%).

Importance of 17 Specific Reasons Don't Have Phone Service

- Among Non-Customers (GTE & PB Combined)



Base: 571

(a) Includes a few who say it is a reason but don't say if it is big or small.

Source: Q.20, 21 (NC)

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Importance of 17 Specific Reasons Don't Have Phone Service

Table 6.2

Later in the interview, non-customers were read a list of possible reasons for not having phone service and asked, "*Is this a reason or not?*", and if yes, "*Is this a big or only small part of the reason?*".

Responses are shown opposite.

Highlights

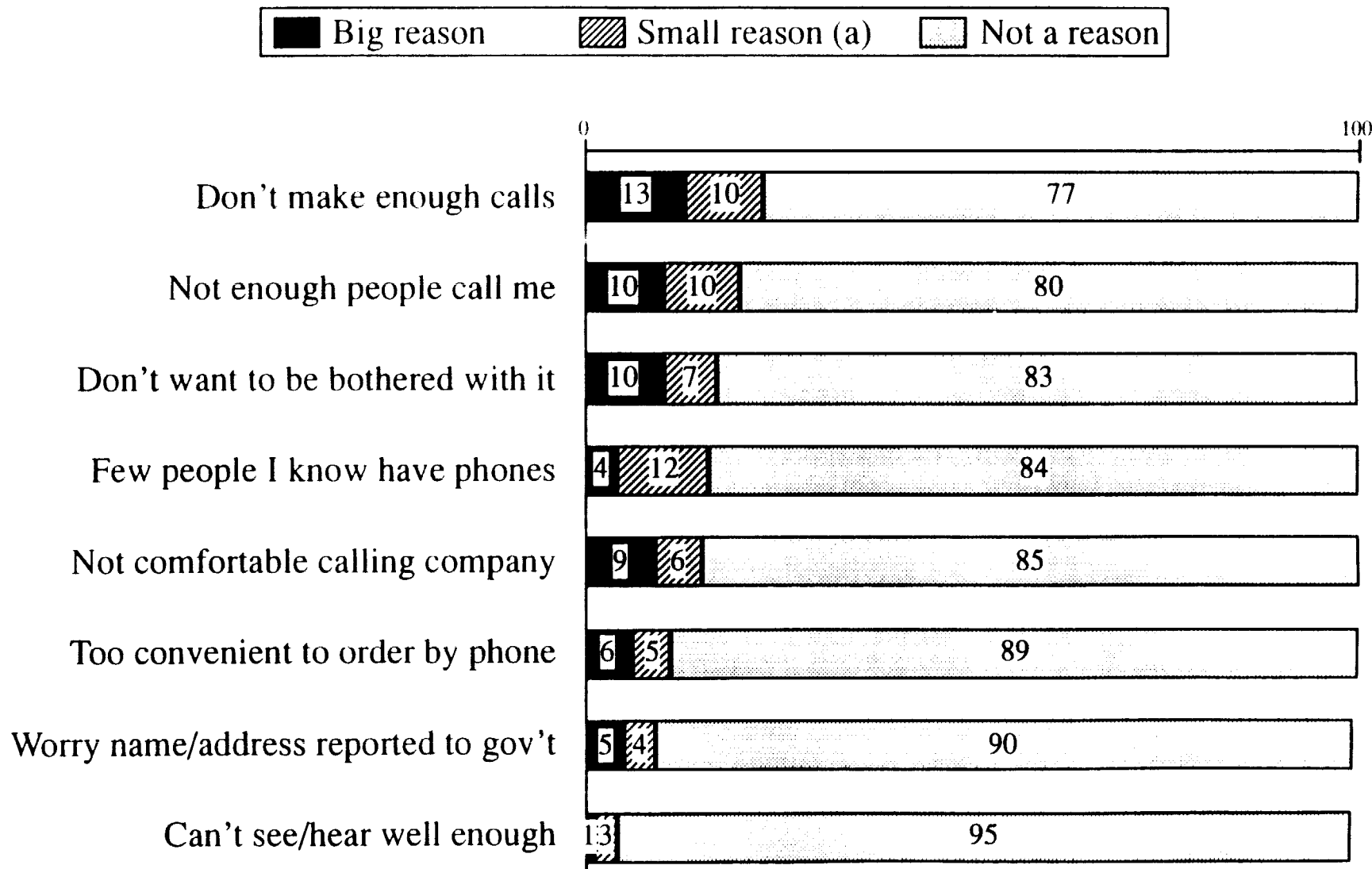
Cost factors rank highest as reasons for not having a phone: can't afford deposit and can't afford installation are reasons for 41% - 44% of the non-customers; monthly service cost, low income and cost of phone are reasons for about one-third or more of the non-customers. Note, however, that roughly one-half to two-thirds of all non-customers say that each of these are NOT reasons for not having a phone.

Next in rank order are three items having to do with concerns about controlling the use of the phone -- each of these is cited as a reason for not having a phone by about one-fourth to one-fifth of the non-customers: others would use phone (25%), we'd make too many calls (22%), others would not pay their fair share (20%). About three-fourths say these are NOT reasons.

About one-third say they get along fine without it (32%). Not making enough calls and not having enough people who call (me) are reasons for about one in four (23%) and one in five (20%), respectively. (See Table 6.3, following.)

Importance of 17 Specific Reasons Don't Have Phone Service

- Among Non-Customers (GTE & PB Combined)



Base: 571

(a) Includes a few who say it is a reason but don't say if it is big or small

Source: Q 20, 21(NC)

Field Research Corporation

Importance of 17 Specific Reasons Don't Have Phone Service

Table 6.3

Continued from previous page.

Highlights

Certain things are given as reasons for not having phone service by fewer than one in five non-customers: don't want to be bothered with it (17%), few people I know have phones (16%), not comfortable calling the phone company (15%), too convenient to order things by phone (11%), worry that my name/address will be reported to government agencies (9%), can't see or hear well enough (4%).

Large majorities indicate these are NOT reasons for their not having phone service.

Cluster Analysis of Reasons Don't Have Phone Service

It is clear from the responses to this question series that some reasons are more important to some customers than others and that there is considerable overlap in the reasons, i.e. some customers cite more than one reason.

A correlation matrix was run to show the correlations between reasons. A "quick cluster" analysis was made from the correlation matrix. Specifically, the quick cluster approach first identifies, for each item, the other item with which it is MOST highly correlated. It then finds the two most highly correlated items in the matrix; these are joined to form the first "core pair". Each of the items in the pair is then examined to see whether there is another item with which it is most highly correlated. If so, that is added to the core pair; if not, the cluster ends with that item.

The process then identifies the next most highly correlated pair among the remaining items. This is the second "core pair". Searches are made to identify which of the remaining most highly correlated items belong to this pair.

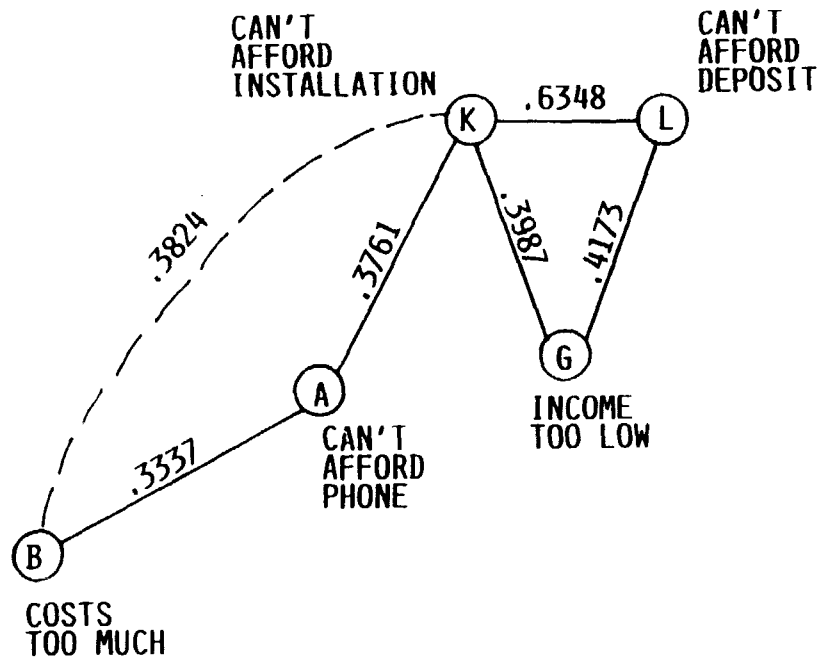
The process continues until all of the most highly correlated items are accounted for.

Results

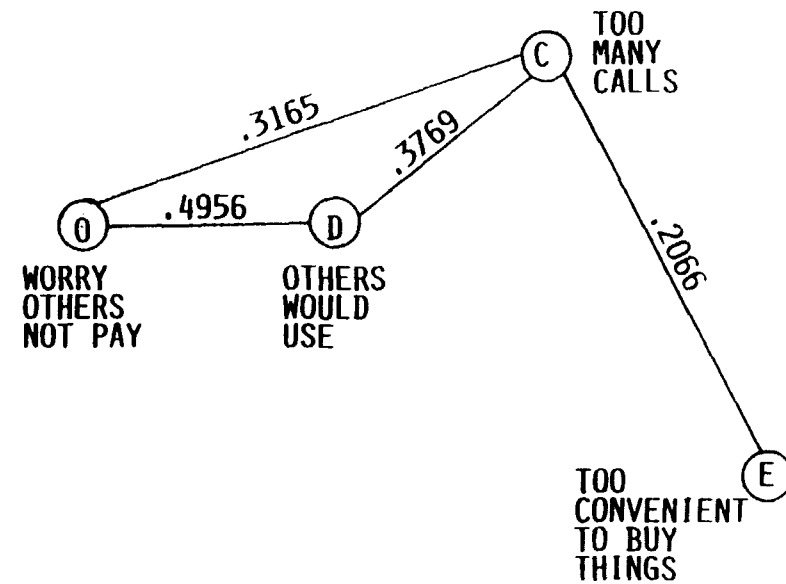
The original quick cluster identified seven "core pairs". Examination of the clusters indicated that further clustering could be done by going to the second most highly correlated items and repeating the above process. When this was completed, four "core clusters" were identified. These are shown on the following two pages.

Quick Cluster Analysis: Reasons Don't Have Phone Service

#1 Cost Factor



#2 Call Control Factor



Four Clusters of Reasons for Not Having Phone Service

Table 6.4

The table opposite and on the next page show the four clusters that emerged from the two-stage quick cluster analysis.

The four clusters are:

1. **Cost (can't afford it)**

This includes three most highly correlated items: can't afford installation, can't afford deposit and can't afford phone plus income too low and costs too much.

2. **Call control (can't control calls/use)**

This cluster includes four most highly correlated items: worry that others would not pay their fair share, worry that others would use the phone, we'd make too many calls and would be too convenient to buy things we don't need by phone.

3. **No need for phone**

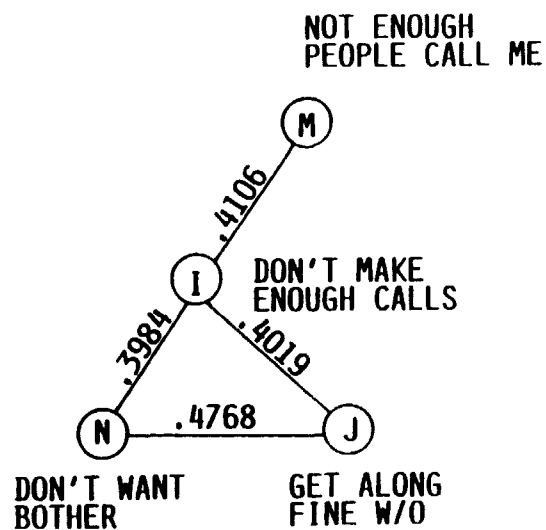
This cluster includes two most highly correlated core items: don't want to bother with having it and get along fine without it plus two other items that are more highly correlated with these than with others: don't make enough calls and not enough people call me.

4. **Fear/isolation**

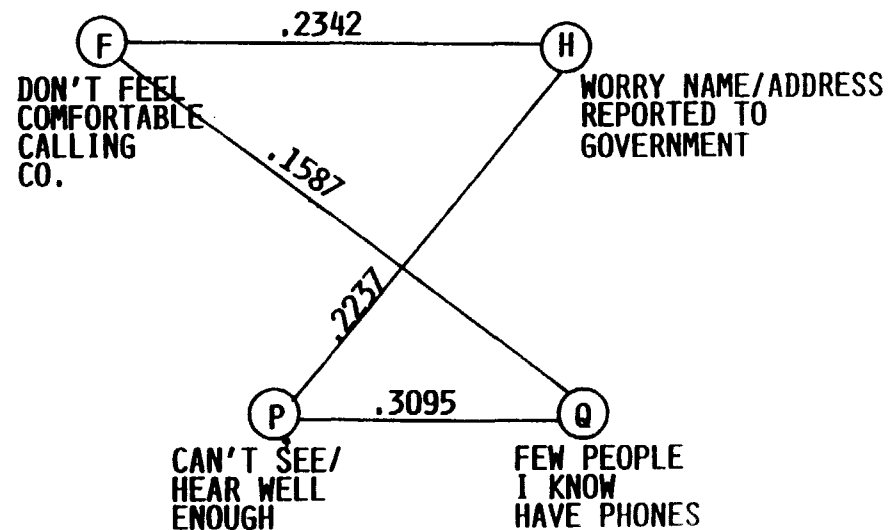
This cluster includes two relatively highly correlated items (more correlated with each other than with the other core pairs): can't see or hear well enough to use phone and few people I know have phones. It also includes two other items that are more highly correlated with this pair than with other pairs: worry that name/address would be reported to governmental agencies and don't feel comfortable calling the phone company. It is noteworthy that the concern about being reported to governmental agencies is most highly correlated with what appears to be an "isolation" factor that emerges from the analysis.

Quick Cluster Analysis: Reasons Don't Have Phone Service

#3 No Need Factor



#4 Fear/Isolation Factor



Cost Factor as Reason for Not Having Service

	Non-customers			Hispanic				
	<u>Total</u>	<u>GTE</u>	<u>PB</u>	<u>Tot</u>	<u>LD</u>	<u>NLD</u>	<u>Black</u>	<u>White</u>
	%	%	%	%	%	%	%	%
<i>% Is a reason —</i>								
Can't afford deposit	45	44	45	40	43	37	53	49
Can't afford installation	41	40	41	39	41	36	47	41
Monthly service costs too much	36	43	36	35	37	33	44	34
Income too low to qualify	37	44	36	38	43	29	41	31
Can't afford to buy phone	30	27	31	33	39	24	30	25
Net (any)	69	72	69	69	73	64	70	68
<i>% "BIG" reason —</i>								
Can't afford deposit	34	35	34	31	31	31	37	41
Can't afford installation	31	31	31	32	33	30	26	34
Monthly service costs too much	26	32	25	26	28	22	28	25
Income too low to qualify	27	32	26	28	33	21	24	26
Can't afford to buy phone	19	18	19	22	27	13	18	14
Net (any)	56	58	56	57	59	55	56	56
Base	(571)	(288)	(283)	(347)	(205)	(142)	(115)	(94)

Source: Q.20, 21 (NC)

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Cost Factor as Reason for Not Having Service

Table 6.5

The table opposite shows the five items that go into the cost factor and the percentages saying each is a reason for not having phone service as well as the percentages saying each is a big part of the reason.

Also shown is a NET unduplicated count of the percentages saying any of these are reasons and the percentages saying any of these are big parts of the reason they do not have phone service.

Highlights

About two-thirds of the non-customers (69%) cite at least one of these cost related items as a reason for not having phone service, and more than half (56%) cite at least one as a big part of the reason.

Inability to afford the deposit and inability to afford the installation charge rank higher as reasons for not having phone service than the monthly service cost. Not being able to afford a phone ranks lowest of the cost related items.

By company: The importance of cost as a reason for not having phone service is the same for both companies.

By ethnicity/race: There are some differences by ethnicity and race, but, among all groups, these cost factors account for more than half of the reasons for not having phone service.

Call Control Factor as Reason for Not Having Service

	<u>Non-customers</u>			<u>Hispanic</u>				
	<u>Total</u>	<u>GTE</u>	<u>PB</u>	<u>Tot</u>	<u>LD</u>	<u>NLD</u>	<u>Black</u>	<u>White</u>
	%	%	%	%	%	%	%	%
<i>% Is a reason —</i>								
We'd make too many calls	22	30	22	30	31	28	11	15
Others would use phone	26	30	25	26	27	25	20	29
Others would not pay share	20	23	20	24	27	19	18	16
Too convenient to order by phone	11	14	11	14	19	6	8	7
Net (any)	44	50	43	51	54	45	31	39
<i>% "BIG" reason —</i>								
We'd make too many calls	15	21	14	21	24	17	9	6
Others would use phone	18	17	18	21	22	19	14	16
Others would not pay share	14	15	14	18	19	16	11	9
Too convenient to order by phone	6	6	6	7	10	2	5	5
Net (any)	35	36	35	43	49	34	25	26
Base	(571)	(288)	(283)	(347)	(205)	(142)	(115)	(94)

Source: Q.20, 21(NC)

Field Research Corporation

Call Control Factor as Reason for Not Having Service

Table 6.6

The table opposite shows the four items that go into the call control factor and the percentages saying each is a reason for not having phone service as well as the percentages saying each is a big part of the reason.

Also shown is a NET unduplicated count of the percentages saying any of these are reasons and the percentages saying any of these are big parts of the reason they do not have phone service.

Highlights

Slightly fewer than half of the non-customers (44%) cite one or more of the call control concerns as a reason for not having phone service, and about one-third (35%) say this is a big part of the reason they do not have phone service.

There is about equal concern about each of three main aspects of call control: simply making too many calls, worry that others would use the phone and worry that others would not pay their fair share.

By company: There are no large differences by company in terms of the importance of these call control issues in determining not having phone service.

By ethnicity/race: While call control is the second major reason for not having phone service (after the cost items) among all groups, it plays a more important role among Hispanics and, especially LD Hispanics, than among Blacks or Whites. For example, almost half of the LD Hispanics (49%) cite call control as a big part of the reason they don't have phone service compared to 34% of NLD Hispanics, 25% of Blacks and 26% of Whites.

No Need Factor as Reason for Not Having Service

	Non-customers			Hispanic				
	<u>Total</u>	<u>GTE</u>	<u>PB</u>	<u>Tot</u>	<u>LD</u>	<u>NLD</u>	<u>Black</u>	<u>White</u>
	%	%	%	%	%	%	%	%
<i>% Is a reason —</i>								
Get along fine w/o phone	33	20	34	31	21	48	30	38
Don't make enough calls	23	18	23	18	13	25	23	33
Not enough people call me	20	16	20	18	14	23	13	31
Don't want to be bothered with it	17	10	18	12	5	23	15	31
Net (any)	43	36	44	41	32	56	37	51
<i>% "BIG" reason —</i>								
Get along fine w/o phone	16	9	17	14	12	19	12	25
Don't make enough calls	13	7	13	8	7	11	15	20
Not enough people call me	10	7	10	8	4	14	8	17
Don't want to be bothered with it	10	6	10	7	2	15	5	20
Net (any)	27	19	28	24	19	32	22	40
Base	(571)	(288)	(283)	(347)	(205)	(142)	(115)	(94)

Source: Q.20, 21 (NC)

Field Research Corporation

No Need Factor as Reason for Not Having Service

Table 6.7

The table opposite shows the four items that go into the no need factor and the percentages saying each is a reason for not having phone service as well as the percentages saying each is a big part of the reason.

Also shown is a NET unduplicated count of the percentages saying any of these are reasons and the percentages saying any of these are big parts of the reason they do not have phone service.

Highlights

Roughly two in five non-customers (43%) cite one or more of the no need items as a reason for not having phone service, and about one in four (27%) cites lack of need as a big part of the reason.

The no need factor is governed primarily by the point of view that one gets along fine without phone service -- more so than the point of view that one does not make that many calls.

By company: The no need factor accounts for substantially more of the reasons for not having phone service among Pacific Bell's non-customers than among GTE's non-customers -- percent saying this is a big part of the reason: 28% for Pacific Bell vs. 19% for GTE.

By ethnicity/race: The no need factor accounts for a far higher percentage of the reasons why White non-customers don't have phones (40% say it is a big part of the reason) than for Blacks (22% big part) or LD Hispanics (19% big part). It is also a more important factor for NLD Hispanics (32% big part) than for LD Hispanics (19% big part).

Isolation/Fear Factor as Reason for Not Having Service

	<u>Non-customers</u>			<u>Hispanic</u>				
	<u>Total</u>	<u>GTE</u>	<u>PB</u>	<u>Tot</u>	<u>LD</u>	<u>NLD</u>	<u>Black</u>	<u>White</u>
	%	%	%	%	%	%	%	%
<i>% Is a reason —</i>								
Not comfortable calling phone co.	15	19	14	19	23	11	15	7
Worry name/address reported to gov't	10	13	9	10	15	4	9	8
Net (2 above)	21	28	20	25	32	14	18	15
Few people I know have phones	16	8	17	16	15	18	16	16
Can't see/hear well enough	4	4	4	5	4	5	4	3
<i>% "BIG" reason —</i>								
Not comfortable calling phone co.	9	11	8	13	19	4	4	2
Worry name/address reported to gov't	5	9	5	7	10	1	4	2
Net (2 above)	11	17	11	16	23	5	7	4
Few people I know have phones	4	5	4	5	5	6	3	3
Can't see/hear well enough	1	2	1	2	3	2	-	-
Base	(571)	(288)	(283)	(347)	(205)	(142)	(115)	(94)

Source: Q.20, 21(NC)

Field Research Corporation